BC IMMIGRANT INVESTMENT FUND LTD.

2014/15
ANNUAL SERVICE PLAN REPORT

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Board Chair's Message and Accountability Statement

On behalf of the Board of Directors and staff at the BC Immigrant Investment Fund, I am pleased to submit the BC Immigrant Investment Fund Ltd. ("BCIIF") Annual Service Plan Report for 2014/15.

BCIIF is a Crown corporation responsible for managing BC's allocation of funds under the federal Immigrant Investment program ("IIP"). These funds are managed for investment in economic development and job creation and to repay the federal government.

In 2014/15, BCIIF realized a net operating income of $5.3 million, had $155.1 million in cash and short-term investments, and $242.8 million invested in low-risk public sector infrastructure loans at year end. Through its wholly-owned subsidiary, the B.C. Renaissance Capital Fund Ltd. ("BCRCF"), BCIIF has invested $69 million of its $90.2 million commitment to venture capital funds.

In February 2014, the federal government announced its intention to terminate the IIP, BCIIF's primary source of capital. In response to this, the BCIIF has participated in a review process led by the Ministry of International Trade to determine the future mandate for both BCIIF and BCRCF.

The BCIIF Annual Service Plan Report is submitted to meet the requirements of the *Budget Transparency and Accountability Act* and the B.C. Reporting Principles and follows the 2014/15 Crown Corporation Service Plan Report and Guidelines.

This report has been prepared under the direction of BCIIF's Board of Directors (the "Board") and provides complete and accurate performance information on its major activities, achievements, and outcomes for the 2014/15 fiscal year. This information has been prepared in a manner that is consistent with the BCIIF 2014/15 Service Plan's performance measures and targets. All significant decisions and identified risks as at March 31, 2015 have been considered in preparing this report.

In addition, this report contains BCIIF's financial statements that were prepared and signed by officers of the BCIIF and audited by the Office of the Auditor General. The Board is accountable for the financial statements and for ensuring that internal controls are in place to generate performance and financial information that is accurate and timely.

The BCIIF *2014/15 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2014/15 - 2016/17 Service Plan.* I am accountable for those results as reported.

Gord MacDougall, Chair

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Purpose of the Organization

The BC Immigrant Investment Fund Ltd. (the "Corporation" or "BCIIF") was incorporated on September 19, 2000 under the *Company Act* of British Columbia and is wholly-owned by the Province of British Columbia.

The Corporation is an approved fund under the federal Immigrant Investor Program (the "Program" or "IIP"), administered by Citizenship and Immigration Canada ("CIC"). The CIC regulations require approved funds participating in the Program to invest in initiatives that contribute to economic development and job creation in Canada.

BCIIF receives and manages B.C.'s allocation of funds under the Program. The Program confers discretion on the provinces to manage their allocation of the Program's immigrant investor funds ("Funds") for investment in economic development and job creation. Provincial allocations are repayable to the federal government without interest on the fifth anniversary of their receipt. Although there is no interest charged on the Funds, there is a nominal fee paid to cover federal government administration. In order to participate in the Program, the Province has provided the federal government with a repayment guarantee of the Funds up to $500 million.

B.C. Renaissance Capital Fund Ltd. ("BCRCF") is a Crown corporation that is wholly-owned by the BCIIF. It is administered by officers and staff of BCRCF. The purpose of BCRCF is to attract successful venture capital managers and their capital to B.C. to develop promising, innovative technology companies in the province and generate returns on venture capital investments.

Strategic Direction and Context

Strategic Direction

The BC Immigrant Investment Fund is mandated to receive and manage BC's allocation of funds under the federal Immigrant Investor Program to invest in economic development and job creation opportunities in the Province of B.C.

In accordance with a Treasury Board Directive, Government appointed a Board of Directors in July 2012 to comply with Crown Agency standard governance practices. As part of the new governance and board structure, BCIIF transitioned its operations, appointing a Chief Executive Officer and staff.

In February 2014, the federal government announced its intention to terminate the IIP, BCIIF's primary source of capital. Investor applications that were in progress at that time are being processed with the allocation of the funds continuing to flow to BCIIF. It is expected that the allocations of the funds to BCIIF will continue through the next fiscal year, although the amounts received are expected to be lower than has historically been the case. In response to the announcement, BCIIF is working with the Ministry of International Trade to complete a review process that will determine the future mandate for both BCIIF and its subsidiary, the B.C.

Renaissance Capital Fund. BCIIF will continue to support the mandate review through to its completion.

As per Government's Letter of Expectations (www.bcrcf.ca/bciif/about/reports.html), the following sets out the accountabilities for BCIIF for the 2014/15 fiscal year:

- Subject to federal Immigrant Investor Program ("IIP") and related federal regulations, the Corporation will use the funds provided and investment income to invest in economic development and job creation opportunities in the province of British Columbia.
- The Corporation will maintain best business and investment practices to realize positive investment returns and minimize the exposure of accessing the guarantee that the Province has given to the federal government on monies received under the IIP.

Specific Corporation Accountabilities outlined in the Government's Letter of Expectations for the 2014/15 fiscal year were:

- BCIIF will monitor and report on its capital commitments of up to $90 million in venture capital investments.
- BCIIF will invest available funds in Government's Reporting Entity to finance provincially-approved capital projects that also qualify under the applicable federal regulations.
- BCIIF will use either the Ministry of Finance or British Columbia Investment Management Corporation for investment or deposit of funds in liquid investments, other than amounts allocated to venture capital and Government Reporting Entity investments.
- BCIIF will explore opportunities to invest its capital in ways that meet its core objectives and support government's economic and jobs strategy.

BCIIF has structured its operations to respond to, and to achieve these accountabilities.

In response to government's introduction of the *Taxpayer Accountability Principles* in July 2014, BCIIF has established Standards of Conduct, which are publicly available on the BCIIF website: http://www.bciif.ca/bciif/docs/BCIIF_Standards_of%20Conduct.pdf. These Standards apply to management and staff, including both direct employees and contractors of BCIIF and BCRCF, and align with best practices for strong corporate governance. Further activities taken in response to the Taxpayer Accountability Principles include regularly scheduled meetings between the Board Chair and Minister, and between BCIIF's CEO and the Ministry's Deputy Minister.

Strategic Context

During 2014/15, BCIIF's Board of Directors and Senior Management team explored strategic options to invest capital in a way to meet the Government's objectives of economic development and job creation. BCIIF also continued to maintain best business and investment monitoring

practices over its three asset classes - public sector infrastructure investments, venture capital fund investments, and cash and short-term investments, through bcIMC and CDP.

Loan Portfolio of Infrastructure Investments: BCIIF infrastructure investments are comprised of long-term loans to entities in the provincial public sector (Government Reporting Entity, or "GRE").

Venture Capital Portfolio: Through its wholly-owned subsidiary BCRCF, BCIIF manages $90.2 million of committed capital in a venture capital fund-of-funds model with two primary objectives: to attract venture capital fund managers to promote innovation, and to obtain positive financial returns. Investments are committed to fund managers, or General Partners ("GPs") who make equity investments in individual companies across four key technology sectors.

Cash & Short Term Investments: BCIIF's short-term investments are in an investment pool managed by bcIMC comprised of short-term, low risk, and high quality government and corporate debt securities. Since 2013, funds have also been invested with the Ministry of Finance in the Central Deposit Program ("CDP"), which deploys the short-term monies primarily for financing the Consolidated Revenue Fund.

Report on Performance

BCIIF's Board of Directors and management team aligned their 2014/15 strategic, operating, and financial performance initiatives in a manner that allowed the organization to address Government's expectations as set out in the GLE, as well as to focus on the goals set out in last year's Service Plan. Details on key activities and achievements are set out below.

Government's Letter of Expectations

Throughout the 2014/15 fiscal year, BCIIF developed a strategic plan to respond to government's direction to identify opportunities to invest capital in ways that meet its core objectives and support the government's economic and jobs strategy. BCIIF also worked in partnership with the Ministry of International Trade on a mandate review. During this period, the BCIIF put all new investments on hold. Over the year, BCIIF focused on its oversight responsibility of providing strong governance and monitoring its investment portfolio for both the BCIIF and BCRCF. In addition, BCIIF adopted the principles as set out in the *Taxpayer Accountability Principles*, including the development and implementation of a Code of Conduct and establishing regular and recurring meetings between its Board Chair and CEO, and the Minister of International Trade and Deputy Minister.

BCIIF's Government's letter of Expectations reflected this period of transition. Accountabilities, and outcomes set out in the 2014/15 GLE are summarized below.

Government's Letter of Expectations Corporation Accountabilities - Mandate

Accountabilities	Outcomes
Funds provided and investment income to be invested in economic development and job creation in B.C.	Funds are invested in: • Provincial infrastructure loans • Ministry of Finance and British Columbia Investment Corporation • 9 Venture Capital funds which have in turn invested $157 million in BC based companies, creating over 1,050 new jobs in B.C.
Maintain best business and investment practices to realize positive investment returns and minimize the exposure of accessing the guarantee that the Province has given to the federal government.	See Goal 1 and related Performance targets as set out starting on page 9.

Government's Letter of Expectations Specific Corporation Accountabilities

Accountabilities	Outcomes
Monitor and report on capital commitments of up to $90 million in Venture Capital Investments.	See Goal 3 and related Performance targets as set out starting on page 11.
Invest available funds in Government's Reporting Entity to finance provincially-approved capital projects.	Loans outstanding to support Provincial Government infrastructure projects total $242.8 million as at March 31, 2015, including accrued interest revenue.
Use either the Ministry of Finance or British Columbia Investment Management Corporation for investment or deposit of funds in liquid investments, other than amounts allocated to venture capital and Government Reporting Entity investments.	All liquid investments not required for operations have been invested with the Ministry of Finance or British Columbia Investment Management Corporation.
Explore opportunities to invest capital in ways that meet its core objectives and support the government's economic and jobs strategy.	BCIIF management and its Board of Directors developed a strategic proposal to meet its core objectives and support the government's economic and jobs strategy.

Goals, Strategies, Measures and Targets

The 2014/15 Service Plan includes performance measures that were developed based on BCIIF's operating environment at the time of the Plan submission. The goals, strategies, and measures selected reflected the ongoing transition of the BCIIF, including the announced cancellation of the IIP program, the planned mandate review, and the Government's Letter of Expectations ("GLE").

Goal 1: Generate Returns that Meet or Exceed BCIIF's Current Investment Strategy.

Commercial returns on investments will provide liquidity for retiring the five-year immigrant investor loans from the Government of Canada and to meet capital calls on the $90 million of commitments to the venture capital fund managers. BCIIF's current infrastructure portfolio is comprised of long-term loan investments to the Provincial Treasury, which provides loan financing to entities in the provincial public sector. Loan investments earn yields that are equivalent to the government's cost of borrowing. Infrastructure loan investments have historically been targeted to supporting approved public sector infrastructure projects. The 2014/2015 GLE provides for infrastructure investment project funding through BCIIF's participation in Government's CDP. In accordance with the direction provided in the 2014/15 GLE, BCIIF will explore new opportunities for investment that meet the requirements of BCIIF's mandate and Government's economic priorities, and generate commercial returns, while addressing key risks and opportunities.

Strategies

- Develop investment strategies that support Government's economic and jobs strategy, meet BCIIF's risk profile, and achieve commercial returns to the BCIIF while sustaining an investment strategy which is affordable for the Province's fiscal plan.

Performance Targets 1.0

Performance Measure	2012/2013 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target[1]	2016/17 Target[1]
1.1 5 Year Weighted Average BCIIF Portfolio Return table.	2.54%	2.68%	2.38%	2.60%	2.26%	2.21%
1.2 1 Year Weighted Average BCIIF Portfolio Return	2.33%	2.33%	1.79%	2.21%	1.87%	2.04%

Note 1: The performance measures were developed using a portfolio of 5 year Government of Canada par bonds over a rolling five year period to construct a 1 year and 5 year performance benchmark. Further the benchmark assumed that $20 million would be invested in Money Market instruments for liquidity purposes. This benchmark reflects BCIIF's historical investment strategy and performance as well as its preferred investment term, which is aligned with its 5-year obligation to repay funds to the federal IIP.

Note 2: Both the 1 and 5 year weighted average BCIIF portfolio return include Money Market (beIMC and CDP) and infrastructure investments. For clarity, this calculation does not include Venture Capital investments.

Performance Measures 1.1 and 1.2: Achieve targeted average yields on new investments. During the fiscal year, in line with the Government Letter of Expectations, surplus funds not invested in infrastructure loans or venture capital, were invested with either the Ministry of

[1] Based on 2015/16 – 2017/18 Service Plan

Finance, or bcIMC. No funds were invested in Money Market instruments as contemplated in the 2014/15 Service Plan. Despite this, the weighted average portfolio returns exceeded the performance targets established in the 2014/15 Service Plan.

Goal 2: Optimize BCIIF's Investment Strategy and Operations

Building on the work completed in 2013/2014, BCIIF established a goal of continuing to improve operations and reporting, and formalizing its accountabilities with the introduction of a Performance and Accountability Framework ("Framework"). The Framework was designed to be aligned with BCIIF's strategic direction and serve as a means for formalizing a clear set of accountability mechanisms and performance expectations around a set of BCIIF outputs, outcomes, and impacts.

Strategies

- Develop a formal Performance and Accountability Framework
- Structure cost effective operations that meet strategic, business, and governance requirements

Performance Targets 2.0

Performance Measure	2012/2013 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target[2]	2016/17 Target[2]
2.1 Develop and adopt Performance and Accountability Framework	n/a	n/a	Develop Framework	Framework is under development	Develop framework and submit to Board for approval	Implement Framework
2.2 Expense ratio	n/a	n/a/	Establish baseline	Baseline to be finalized upon completion of mandate review	Establish baseline	Maintain or improve

Performance Measure 2.1: Develop and adopt Performance and Accountability Framework

BCIIF has been engaged in research to identify best practices in organizational structure, risk management, and performance measures through its relationships with other global institutional investors and research networks. Over the past year, components of the performance and accountability framework have been established, including a comprehensive entity-wide risk management framework and a performance reporting strategy for venture capital investments. The BCIIF will adopt a suitable accountability framework including performance benchmarks, based on the future mandate direction.

[2] Based on 2015/16 – 2017/18 Service Plan

Performance Measure 2.2: Expense ratio

The expense ratio is the ratio of total expenses to total assets, derived from the Corporation's audited consolidated financial statements. An appropriate metric will be developed that reflects the future operating model of BCIIF based on its future mandate direction. For the 2014/15 fiscal year, BCIIF's actual expense ratio is significantly below that of other investment management funds, reflecting its lean operating structure and stable investment portfolio.

Goal 3: Stimulate Commercialization of Innovation and Venture Capital Investments in BC.

The B.C. Renaissance Capital Fund, which is structured as a 'fund of funds', is unique in its approach to attracting world-class venture capital investors. Access to capital with a global reach and experienced executive management is critical to foster commercialization and growth for BC companies. To increase the visibility of BC as an attractive market for venture capital opportunities, the BCRCF strives to increase domestic and international ties through its fund managers. To increase the probability of investments in BC companies, the BCRCF fund managers have entered into side letter agreements with BCRCF, under which they commit to perform investment activities in BC.

Strategies

- Develop key relationships and networks that support BC's $90 million venture capital commitment and encourage investment in B.C. companies.
- Leverage BCRCF's venture capital investments to attract new investment in BC companies focused in the Information Technology, Life Sciences, Digital Media, and Clean Technology sectors.

Performance Targets 3.0

Performance Measure	2012/2013 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target[3]	2016/17 Target[3]
3.1 Cumulative capital call on BCRCF's commitments to fund managers.	$47 million	$59 million	$68 million	$69 million	$75 million	$80 million
3.2 Cumulative investment by BCRCF fund managers in BC companies	$104 million	$139 million	$136 million	$157 million	$150 million	$160 million
3.3 Cumulative investment by BCRCF fund managers and syndicate partners in BC companies	$196 million	$288 million	$238 million	$308 million	$310 million	$320 million

[3] Based on 2015/16 – 2017/18 Service Plan

Performance Measure 3.1: Cumulative Capital Call
In August 2007, the provincial Treasury Board approved an allocation of $90 million from BCIIF to BCRCF for the purposes of pursuing investment in four key technology sectors: digital media, information technology, life sciences, and clean technology. Capital calls are based on invoices and are reconciled with the venture capital fund managers' audited financial statements. Capital called to-date is in-line with expectations for both timing and quantum.

Performance Measures 3.2 and 3.3: Cumulative Investment in BC companies
BCIIF / BCRCF have used the historical leverage factor of 2.0 times and 3.5 times the capital called to BC investments for these two performance measures. From BCRCF's inception in late 2007 through March 2015, the BCRCF fund managers and their syndicate partners have invested amounts in excess of these targets with $157 million being invested in BC companies by BCRCF's fund managers, and a total of $308 million invested by these fund managers and syndicate partners. A total of 33 B.C. companies have received funds as a result of BCRCF's venture capital investments, creating employment for more than 1,050 British Columbians[4].

Financial Report

Management Discussion and Analysis

As noted, 2014/15 was a year in which BCIIF's strategic direction was under review. During this period, no new infrastructure loans or venture capital commitments were made. BCIIF's Board of Directors and management continued to focus on ensuring appropriate governance and oversight of the organization's legacy investment portfolio.

Key highlights for the year include:

- A total of $154.6 million invested with CDP and bcIMC as at March 31, 2015.
- $242.8 million principal and accrued interest in loans as at March 31, 2015 to provincial capital infrastructure projects.
- Additional $11.0 million in capital called on venture capital investments.
- Venture capital distributions were received in the amount of $6.5 million representing $3.3 million as a return of capital and $3.2 million as a return on capital.
- $33.6 million in new funds received through the IIP; and $65.2 million repaid during the year, including $5.775 million of commission costs which BCIIF is required to pay to the IIP at the same time as the loans are repaid.
- Interest income of $9.2 million exceeded budget and the prior year by $1.5 million and $.4 million respectively.
- Realized investment gain was lower than the prior year and budget due to fewer investment dispositions during the year. Reflecting the reduced trading activity, unrealized gains on investments increased during the year by $1.3 million ($11,000 in 2013/14).

[4] Based on information provided by Venture Capital Funds.

- Operating costs (expenses other than amortization of the promissory note commission) under budget by $.05 million.
    - Since 2012, BCIIF has transitioned from being run within government to operating with its own management team and Board of Directors. 2014/15 represented the first full year of operations in this structure resulting in higher budgeted and actual costs for salaries, wages, and benefits; advertising and promotion; and office and business expenses.
    - Budgeted and actual professional fees increased as the Board explored strategic alternatives for the organization, as well as supporting the Ministry's mandate review.
    - Investment fees were lower than the prior year and budget as a result of lower investment balances with bcIMC.

Consolidated Statement of Operations, 2012/13 – 2016/17

$ '000's	2012/13 Actual	2013/14 Actual	2014/15 Budget	2014/15 Actual	2014/15 Variance	2013/14 – 14/15 Variance	2015/16 Budget[5]	2016/17 Budget[5]
Revenue								
Realized Investment Gains	439	1,153	1,802	114	(1,688)	(1,039)	2,293	3,971
Interest Income	9,611	8,775	7,695	9,190	1,495	412	6,897	6,074
Venture capital investment income	1,545	1,110	-	3,075	3,075	1,965	-	-
Total Revenue	**11,595**	**11,041**	**9,497**	**12,379**	**2,882**	**1,338**	**9,190**	**10,045**
Expenses								
Advertising & promotion	52	47	60	68	(8)	(21)	60	60
Board of Director fees & expenses	68	91	120	94	26	(3)	120	120
Board of Director support services	-	53	94	70	24	(17)	94	94
Salary, wages & benefits	-	285	566	458	108	(173)	566	566
Investment fees	189	192	176	159	17	33	176	176
Office & business expenses	78	60	100	125	(25)	(65)	101	101
Professional fees	415	145	257	347	(90)	(202)	257	257
Amortization of discount	5437	5,363	4,555	5,775	(1,220)	(412)	4,462	3,160
Total Expenses	**6,239**	**6,236**	**5,928**	**7,096**	**(1,168)**	**(860)**	**5,836**	**4,534**
Net Income from Operations	**5,356**	**4,805**	**3,569**	**5,283**	**1,714**	**478**	**3,354**	**5,511**
Accumulated surplus/ Retained earnings	**37,808**	**42,613**	**46,182**	**47,896**	**1,714**	**5,283**	**51,250**	**56,761**
Debt to Canada	**362,904**	**440,311**	**441,431**	**414,489**	**(26,942)**	**(25,822)**	**412,423**	**310,708**
Total Liabilities	**363,039**	**440,391**	**441,431**	**414,663**	**(26,768)**	**(25,728)**	**412,423**	**310,708**

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: Budgeted revenue is based on a conservative assumption that all available funds, other than amounts required to meet venture capital commitments, will be invested in liquid financial instruments, earning returns based on the Treasury Board Staff interest rate forecast. Given the uncertainty of the timing and quantum of venture capital returns, venture capital income is reported as it is realized.

[5] Based on 2015/16 – 2017/18 Service Plan

Note 3: Advertising & promotion expenses are used to attract venture fund managers to BC investment opportunities in targeted sectors.

Note 4: Board of director support services include advisory and corporate secretariat services.

Note 5:Salary, wages & benefits reflect BCIIF's independent operations. In prior years, partial salaries and travel expenses were recovered from BCIIF to compensate government for the fractional time provided by government staff in their duties related to BCIIF and BCRCF.

Note 6: Investment fees include bcIMC and Corporate Project Finance management fees that cover costs for managing the short-term investments and public infrastructure loans. Forecasted investment fees are decreasing to reflect a reduction in investment under bcIMC's management.

Note 7: BCIIF continues to receive monthly allocations from the Government of Canada. The debt to Canada is supported by a Provincial guarantee.

Auditor's Report and Audited Financial Statements

BC Immigrant Investment Fund Ltd.'s audited comparative financial statements along with the report of the auditors is attached at the end of this report.

Appendix A: B. C. Renaissance Capital Fund Ltd.

The B.C. Renaissance Capital Fund Ltd. is a Crown corporation that is wholly-owned by the BCIIF. The members of the Board of Directors and management are the same as the BCIIF.

In August 2007, the provincial Treasury Board approved an allocation of $90 million from BCIIF to BCRCF for the purposes of pursuing investment in four key technology sectors: digital media, information technology, life sciences, and clean technology. The objectives of the BCRCF are to:

- Generate positive returns for the capital committed;
- Increase the probability that innovative new goods and services in B.C. gain full-scale commercialization;
- Increase the depth of the venture capital market in B.C.; and
- Enhance the visibility of B.C. as an attractive market for venture capital opportunities in North America and globally.

As of March 2015, BCRCF has made investment commitments of $90 million with the following eight fund managers through formal limited partnership agreements and side letter agreements:

- ARCH Venture Partners
- Azure Capital
- iNovia Capital
- Kearny Venture Partners
- Tandem Expansion
- Vanedge Capital
- VantagePoint Capital Partners
- Yaletown Venture Partners

BCRCF invests with venture capital fund managers who have a track record of investing successfully in one or more of the four key technology sectors. Each venture capital firm that BCRCF invests with commits to perform certain investment-related activities in B.C. such as forming strategic alliances with local venture capital firms, participating in investor forums in B.C. to establish networks with stakeholders, and exploring investment opportunities in the Province.

BCRCF: Summary Financial Outlook Table

$ '000's	2012/13 Actual	2013/14 Actual	2014/15 Budget	2014/15 Actual	2014/15 Variance	2013/14 - 14/15 Variance	2015/16 Budget	2016/17 Budget
Revenues	1,545	1,110	-	3,075	3,075	1,965	-	-

Notes

All BCRCF revenues and expenses are included in the consolidated statements of BCIIF. Given the high-risk nature of venture capital investments, venture capital investment income is reported as it is realized.

Appendix B: Additional Information

BC Immigrant Investment Fund (BCIIF)

Corporate governance information (includes all information and disclosure requirements of the Crown Agencies Resource Office): www.bcrcf.ca/bciif/about/governance.html

Organizational Review: www.bciif.ca//bciif/about/index.html

Standards of Conduct: www.bciif.ca/bciif/docs/BCIIF_Standards_of%Conduct.pdf

B.C. Renaissance Capital Fund Ltd. (BCRCF)

Additional information on investment strategy, venture capital fund managers and investee companies of BCRCF, a wholly-owned subsidiary of BCIIF, can be found at: www.bcrcf.ca/bcrcf/index.html

Consolidated Financial Statements of

BC IMMIGRANT INVESTMENT FUND LTD.

Year Ended March 31, 2015

MANAGEMENT'S REPORT

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 3 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal consolidated financial statements on a quarterly basis and external audited consolidated financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and expresses her opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of BC Immigrant Investment Fund Ltd,

Jane Butterfield, CFO

Shauna Turner, Acting CEO

Vancouver, B.C.
May 28, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of BC Immigrant Investment Fund Ltd., and
To the Minister of International Trade and the Minister Responsible for the Asia Pacific Strategy and Multiculturalism, Province of British Columbia

I have audited the accompanying consolidated financial statements of BC Immigrant Investment Fund Ltd. ("the entity"), which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, statement of remeasurement gains and losses, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

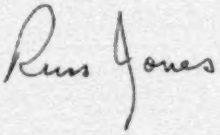
My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BC Immigrant Investment Fund Ltd. as at March 31, 2015, and the results of its operations, changes in its remeasurement gains and losses, its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Victoria, British Columbia
May 28, 2015

Russ Jones, CPA, FCA
Deputy Auditor General

BC IMMIGRANT INVESTMENT FUND LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in $000)

AS AT MARCH 31	2015	2014
Financial Assets		
Cash	134,257	137,402
Investments	20,890	15,078
Accounts receivable	3	1
Loan receivable *(Note 4)*	242,839	272,190
Venture investments *(Note 5)*	67,008	59,181
	464,997	483,852
Liabilities		
Accounts payable and accrued liabilities	174	80
Promissory notes *(Note 6)*	414,489	440,311
	414,663	440,391
Net financial Assets	50,334	43,461
Non-financial assets		
Prepaid expenses	7	13
Accumulated surplus	50,341	43,474
Accumulated surplus is comprised of:		
Accumulated operating surplus	47,896	42,613
Accumulated remeasurement gains	2,445	861
	50,341	43,474

SIGNIFICANT EVENTS *(Note 2)*

COMMITMENTS *(Note 8)*

APPROVED BY THE BOARD:

_____ Director

_____ Director

The accompanying notes are an integral part of these consolidated financial statements.

BC IMMIGRANT INVESTMENT FUND LTD.

CONSOLIDATED STATEMENT OF OPERATIONS
(in $000)

FOR THE YEAR ENDED MARCH 31	Budgeted Figures (Note 12)	2015	2014
Revenues:			
Venture capital investment income	-	3,075	1,110
Realized investment gain	1,802	114	1,153
Interest income	7,695	9,190	8,778
	9,497	12,379	11,041
Expenses *(Note 11)*:	5,928	7,096	6,236
Annual operating surplus	3,569	5,283	4,805
Accumulated annual operating surplus at beginning of year	42,613	42,613	37,808
Accumulated annual operating surplus at end of year	46,182	47,896	42,613

The accompanying notes are an integral part of these consolidated financial statements.

BC IMMIGRANT INVESTMENT FUND LTD.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS
(in $000)

FOR THE YEAR ENDED MARCH 31	2015	2014
Accumulated remeasurement gains at the beginning of the year	861	229
Unrealized gains attributable to:		
Foreign exchange gain	268	361
Investment gain	1,314	11
Amounts reclassified to the statement of operations		
Foreign exchange	2	292
Investment	-	(32)
Change in remeasurement gains for the year	1,584	632
Accumulated remeasurement gains at the end of the year	2,445	861

The accompanying notes are an integral part of these consolidated financial statements.

BC IMMIGRANT INVESTMENT FUND LTD.

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
(in $000)

FOR THE YEAR ENDED MARCH 31	2015	2014
Annual operating surplus	5,283	4,805
Acquisition of prepaid expenses	(21)	(27)
Use of prepaid expenses	27	19
	5,289	4,797
Effect of remeasurement gains	1,584	632
Increase in net financial assets	6,873	5,429
Net financial assets at the beginning of the year	43,461	38,032
Net financial assets at the end of the year	50,334	43,461

The accompanying notes are an integral part of these consolidated financial statements.

BC IMMIGRANT INVESTMENT FUND LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in $000)

FOR THE YEAR ENDED MARCH 31	2015	2014
Operating transactions:		
Annual Surplus	5,283	4,805
Items not involving cash:		
Gains on Venture Capital distributions	(3,329)	(1,111)
Amortization of promissory discount	5,775	5,363
Share distribution from venture capital funds	-	(70)
Realized investment gain	(114)	(818)
Changes in non-cash operating working capital:		
Accounts receivable	(2)	-
Prepaid expenses	6	(8)
Accounts payable	94	(54)
Accrued loan interest	37	182
Cash provided by operating activities	7,750	8,289
Financing transactions:		
Cash received from promissory notes	33,617	111,901
Repayment/refund of promissory notes	(65,214)	(39,858)
Cash provided by financing activities	(31,597)	72,043
Investing transactions:		
Purchase of investments, net of redemptions	(4,114)	11,475
Repayment of loan principal	29,314	66,478
Loans issued to related parties	-	(10,000)
Capital calls to venture capital funds	(11,002)	(12,678)
Returns from venture capital funds	6,504	1,510
Cash provided by investing activities	20,702	56,785
Increase (decrease) in cash	(3,145)	137,117
Cash at beginning of year	137,402	285
Cash at end of year	134,257	137,402

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS

BC Immigrant Investment Fund Ltd. (the "Corporation") was incorporated on September 19, 2000, under the laws of British Columbia and is wholly owned by the Province of British Columbia.

The Corporation is an approved fund under the Federal Immigrant Investor Program (the "Program"). The Program provides an opportunity for experienced business persons to immigrate to Canada after making an investment in a fund approved by a Province and the Minister of Citizenship and Immigration. The accumulated operating surplus includes one issued common share of the Corporation, of nominal value, which is held by the Minister of International Trade and Minister Responsible for the Asia Pacific Strategy and Multiculturalism. The Minister acts as agent for approved funds by receiving investments from immigrant investors and disbursing them to approved funds according to an allocation formula set out in the Immigration Regulations, 1978. The regulations require approved funds participating in the Program to invest in economic initiatives, which will create employment in Canada to foster the development of a strong and viable economy.

The Minister of Finance acts as a fiscal agent for the Corporation. The Corporation is exempt from federal and provincial taxes.

2. SIGNIFICANT EVENTS

On February 11, 2014, the Federal Government announced its intention to terminate the existing Federal Immigrant Investor Program. Investor applications that were in progress at that time are currently being processed with the allocation of the funds continuing to flow through to the Corporation. It is expected that the allocations of the funds to the Corporation will continue through the next fiscal year, although the amounts received are expected to be lower than has historically been the case. The current cash flows from the Corporation continue to meet all repayment obligations to the Federal Government.

Due to the termination of the Federal Immigrant Investor Program, the BC Immigrant Investment Fund is in the process of undergoing a review of its current mandate.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Canadian Public Sector Accounting Board.

Basis of Consolidation

The consolidated financial statements include the assets, liabilities, results of operations and cash flows of the Corporation and its wholly owned subsidiary, B.C. Renaissance Capital Fund Ltd. ("BCRCF"). All intercompany transactions and balances have been eliminated upon consolidation.

On October 22, 2007, BCRCF was incorporated under the *Business Corporations Act* and is a wholly-owned subsidiary of the BC Immigrant Investment Fund Ltd. Since incorporation, the management team and Board of Directors for BCRCF are the same as those for the Corporation. The primary business of BCRCF, a Fund of Funds, is to stimulate economic development and generate returns.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expenses

Prepaid expenses include software licensing and educational course amounts and are charged to expense over the period expected to benefit from it.

Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to revenues.

Venture Capital Investment Income represents BCRCF's portion of realized gains/(losses) on the distribution of proceeds resulting from the divestiture of investments held by the Funds.

Realized investment gains represents realized investment and foreign exchange gains and losses earned in operating cash accounts and investments, and is recognized on an accrual basis.

Interest income from loans receivable is recognized on an accrual basis.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Promissory Note Discount

Promissory notes are received at a discount. The discount is recognized as an expense on a straight-line basis over the term of the promissory notes.

As promissory notes were established by the Immigration Regulations, 1978, they are not considered financial instruments and the discount is not recognized as interest expense.

Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of transactions.

Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

Financial Instruments

Equity instruments quoted in an active market are measured at fair value. All other financial assets and financial liabilities are measured at cost or amortized cost. The following classification system is used to describe the basis of the inputs used to measure the fair value of financial instruments in the fair value measurement category:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
Level 3	Inputs for the asset or liabilities that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

i. Cash

Cash includes both cash and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. The investments have a maturity of six months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing. They consist of equities which are reported at fair value and are measured using a Level 1 valuation.

ii. Investments

The Corporation invests in pooled fund products managed by the British Columbia Investments Management Corporation (bcIMC), a corporation established under the *Public Sector Pension Plans Act.*

Equity investments quoted in an active market are reported at fair value using a Level 1 valuation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Accounts and loans receivable

Accounts and loans receivable are recorded at amortized cost using the effective interest method less any amount for valuation allowance. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations. Interest is accrued on loans receivable to the extent it is deemed collectible.

iv. Venture investments

The Corporation invests in venture investments as a Limited Partner. These investments are reported at cost as there is no quoted market price in an active market.

v. Debt and other financial liabilities

All debt and other financial liabilities are recorded using cost or amortized cost.

4. LOANS RECEIVABLE

	March 31 2015	March 31 2014
Due from British Columbia Institute of Technology, principal of $60,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 2.70% over a 6 year term. The outstanding balance of this loan will be due in full on August 1, 2017.	48,359	50,274
Due from University of the Fraser Valley, principal of $13,919,748, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 5.15% over a 25 year term. The outstanding balance of this loan will be due in full on August 1, 2017.	11,502	11,899
Due from University of Victoria, principal of $5,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 4.75% over a 20 year term. The outstanding balance of this loan will be due in full on March 1, 2017.	3,599	3,770
Carried forward	63,460	65,943

4. LOANS RECEIVABLE (continued)

	March 31 2015	March 31 2014
Brought forward	63,460	65,943
Due from University of Victoria, principal of $10,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 2.48% over a 10 year term. The outstanding balance of this loan will be due in full on May 2, 2023.	9,324	9,747
Due from Nicola Valley Institute of Technology, principal of $3,300,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 4.9% over a 30 year term. The outstanding balance of this loan will be due in full on September 1, 2017. The loan had an interest free period which impacted the accounting balance and effective rate of loan. For accounting purposes, the estimated interest foregone has been recorded as an increase in the loan receivable using the effective interest method to the maturity date of the loan and will be accredited to interest income over the term of the loan. As a result, the effective interest rate on the loan is 4.77% per annum.	2,872	2,960
Due from Simon Fraser University, principal of $5,100,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 5.20% over a 30 year term. The outstanding balance of this loan will be due in full on June 1, 2017.	717	1,008
Due from the Province of British Columbia, principal of $100,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 3.46% over a 10 year term. The outstanding balance of this loan will be due in full on December 16, 2019.	51,871	61,751
Due from the Province of British Columbia, principal of $75,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 3.18% over a 10 year term. The outstanding balance of this loan will be due on December 9, 2020.	46,087	53,280
Carried forward	174,331	194,689

4. LOANS RECEIVABLE (continued)

	March 31 2015	March 31 2014
Brought forward	174,331	194,689
Due from the Province of British Columbia, principal of $50,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 2.15% over a 9 year term. The outstanding balance of this loan will be due on September 16, 2019.	33,748	38,530
Due from the Province of British Columbia, principal of $45,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 2.24% over a 10 year term. The outstanding balance of this loan will be due on December 8, 2022.	34,760	38,971
Total loans receivable	242.839	272.190

5. VENTURE INVESTMENTS

The B.C. Renaissance Capital Fund Ltd. invests in funds as a limited partner and has investments in nine venture funds with ownership percentages varying from 0.50% to 16.7%. Cumulative contributions and returns of capital to date are:

	March 31 2015	March 31 2014
Canadian Dollar Funds		
Cumulative contributions to date	34,210	26,538
Cumulative returns of capital	1,519	399
US Dollar Funds		
Cumulative contributions to date	35,156	32,169
Cumulative returns of capital	2,296	330

6. PROMISSORY NOTES

The funds received from the Federal Immigrant Investor Program are repayable, without interest, five years after they are received. The obligation of the Corporation is represented by non-transferable zero interest promissory notes. The Province of British Columbia fully guarantees these funds up to a maximum of $500 million.

Promissory note discount represents the amounts withheld on promissory notes received. The amount is amortized over the life of the note.

	March 31 2015	March 31 2014
Total promissory notes, beginning of year	455,186	376,349
Additions during the year	35,782	118,695
Repaid or refunded during the year	(65,214)	(39,858)
	425,754	455,186
Net promissory note discount end of year	(11,265)	(14,875)
Promissory notes, end of year	414,489	440,311

The estimated principal payments over the next five years and thereafter are as follows:

Year	Amount
2016	118,694
2017	91,208
2018	62,294
2019	118,695
2020	34,863

7. RISK MANAGEMENT

The investment activities of the Corporation expose it to a variety of financial risks including credit risk, market risk (which includes currency risk, interest rate and other price risk) and liquidity risk.

Credit Risk

Credit risk is the risk associated with the inability of a third party to fulfill payment obligations. The Corporation is exposed to credit risk in the event of non-performance by a public sector borrower to a maximum value of the value of loans receivable. The Corporation assesses this risk when considering loans. For the most part an unsecured and general obligation from the public sector institution is judged sufficient to mitigate credit risk; however, the Corporation has taken property as collateral on the loan to Simon Fraser University to further mitigate potential credit risks.

7. RISK MANAGEMENT (continued)

Credit Risk (continued)

The Corporation is exposed to credit risk associated with its cash deposits and investments. This risk is mitigated by placing deposits and investments in recognized British Columbia institutions, with investments consisting entirely of high-quality short-term funds. Therefore credit risk arising from cash deposits and investments is considered negligible.

The Corporation is also exposed to credit risk in the event its returns from the venture capital initiatives are below cost. The Corporation's investment portfolio diversification is based on an investment strategy developed to generate returns to cover potential losses from its higher risk investments.

Market Risk

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to foreign currency exchange risk as a result of its investments in US venture capital initiatives, US investments and US dollar holdings.

Through the Corporation's venture capital initiative, the Corporation has a total of $4.12 million USD (2014 - $7.11 million USD) in remaining venture capital commitments, and holds approximately $7.34 million USD (2014 - $8.28 million USD) in investments and cash. At the statement of financial position date, currency risk is negligible because the Corporation has sufficient USD on hand to satisfy commitments made.

The Corporation manages its foreign currency risk by holding funds that are required to meet US venture capital commitments in US dollar cash and US dollar investments that generate annual returns. Returns generated from investments in venture capital funds will also be in US dollars. As the timing and value of returns from these investments cannot be reasonably estimated, the impact of currency rate fluctuations can also not be estimated.

US dollar investments held to provide funds for anticipated US dollar venture capital commitments have resulted in unrealized foreign exchange gains of $0.268 million (2014 - $0.361 million) being recognized in the Statement of Remeasurement Gains.

7. RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or fair values of financial instruments. The Corporation is exposed to interest rate risk through its investments. The Corporation manages its exposure to interest rate risk by holding a portfolio of fixed and floating rate investments. The Corporation has invested its funds in loans receivable with fixed rate returns and investments with British Columbia Investment Management Corporation (bcIMC) on a floating rate basis.

If the Corporation were to have experienced a 1% change in the interest rate earned this would have impacted interest income in the approximate amount of $4.1 million (2014 - $0.73 million) calculated as 1% of the average book value of investments throughout the year.

Other Price Risk

Other price risk is the risk that the market value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation is exposed to other price risk through both its investments and venture capital investments. Venture capital investments carry a high risk; however, the Corporation mitigates the risk by utilizing the expertise and skills of institutional venture capital managers with a track record of commercial returns.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. In connection with the Corporation's ongoing financing of operations including refinancing risk, management aims to ensure adequate liquidity of investments. The Corporation manages its liquidity risk by placing deposits in cash and extremely liquid negotiable instruments, and monitoring the duration of lending/investing activities of the Corporation to coincide with five year forecasted repayment obligations (Note 6).

7. RISK MANAGEMENT (continued)

Liquidity Risk (continued)

The Corporation is also exposed to liquidity risk associated with the venture capital initiatives. The Corporation cannot readily sell the investments. As the Corporation invests in early stage venture capital initiatives that have a limited history of operations and whose business activities tend to be speculative, there is no assurance that such investments will provide positive future cash flows. The Corporation attempts to manage liquidity risk by utilizing the expertise and skills of institutional venture capital managers with a track record of commercial returns.

8. COMMITMENTS

B.C. Renaissance Capital Fund Ltd. has commitments in both CAD and USD to invest as a Limited Partner in certain venture capital funds. The following table summarizes the total investment commitments, transfers made to date and total commitments remaining:

	March 31 2015	March 31 2014
Total USD investment commitments (USD)	39,280	39,280
USD investment commitments transferred to date (USD)	(35,156)	(32,169)
Remaining USD investment commitments (USD)	4,124	7,111
Remaining USD investment commitments translated to CAD	5,230	7,859
Total CAD investment commitments	51,000	51,000
CAD investment commitments transferred to date	(33,713)	(26,139)
Remaining CAD investment commitments	17,287	24,861
Aggregate remaining investment commitments	22,517	32,720

9. INDEMNITIES

As part of the Corporation's initiative to develop a portfolio of venture investments it has entered into the following partnerships: Arch Venture Fund VII, L.P., Kearny Venture Partners, L.P., VantagePoint Clean Tech Partners II, L.P., VantagePoint Venture Partners 2006 (Q), L.P., Azure Capital Partners III, L.P., Yaletown Ventures II, L.P., Tandem Expansion Fund I, L.P., (the Partnerships), VanEdge Capital I, L.P., and iNovia Investment Fund III L.P. Under the terms of the partnership agreements, each Partnership has agreed to indemnify its General Partner (including their members, employees and agents) for certain liabilities, which the General Partner may incur as a result of activities undertaken in their capacity as General Partners. Management believes that no such liabilities exist at March 31, 2015.

10. RELATED PARTY TRANSACTIONS

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations and all other public sector organizations. Transactions with these entities are in the normal course of operations and are recorded at the exchange amount.

The Province provides certain general administrative services to the Corporation on a cost recovery basis.

The Province of British Columbia has provided a guarantee to the federal government for the balance of the promissory notes payable up to a maximum of $500 million.

Assets and liabilities with related parties include:

	March 31 2015	March 31 2014
Cash (investment account)	133,716	135,770
Accounts receivable	3	1
Loans receivable *(Note 4)*	242,839	272,190
Accounts payable and accrued liabilities	(106)	(36)

The consolidated statement of operations includes the following transactions with related parties:

	March 31 2015	March 31 2014
Interest Income	9,190	8,778
Professional fees	184	321

11. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	March 31 2015	March 31 2014
Advertising and promotion	68	47
Amortization of promissory note discount	5,775	5,363
Investment fees	159	192
Board of Director fees	94	91
Director support services	70	53
Office and business expenses	125	60
Professional fees	347	145
Salary, wages and benefits	458	285
	7,096	6,236

12. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the 2014/15 Service Plan approved by the Board Chair on January 17, 2014.

13. COMPARATIVE FIGURES

Certain 2014 comparative figures have been reclassified to conform with the current year's financial statement presentation.